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MEXICO

FISCAL TRANSPARENCY

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MEXICO



COMPLIANCE RATINGS

<i>Fiscal transparency</i>	2005	2004	2003	2002
Clarity of roles	••••	••••	••••	••••
Availability of information	••••	••••	••••	•••
Budget preparation	•••	•••	•••	•••
Accountability	••••	••••	••••	••••
Score	3.75	3.75	3.75	3.50

OUTLOOK & COMMENTARY

Amid a highly politicised environment and preparations for the general election due in July 2006, progress in implementing fiscal reforms (and other structural reforms in the energy sector, labour markets, and overall regulatory systems) has been slow. Longstanding inadequacies in the fiscal governance framework continue to obstruct the consolidation of long-term planning and hinder the efficient conduct of fiscal policy to offset the effects of business cycles.

Implementation of the recommendations put forward by the National Convention on Public Finances (CNH), and approval of the Federal Law on Budget and Fiscal Responsibility, would bring about significant improvements in fiscal transparency by clarifying the functions and responsibilities of different levels of government and the coordination of budgetary activities. Although presidential elections are due in July next year, the approval of the proposed law is expected by the end of 2005 or early 2006.

EXECUTIVE SUMMARY

3.75 Compliance in progress

The government of Mexico has sustained its efforts to improve the availability, quality, and timeliness of statistics. The broad communication channels of the Ministry of Finance and Public Credit (SHCP), which provide information to the financial and investment community through regular open conference calls and electronic mailing lists, complement the progress achieved in government procurement and data compilation systems.

Mexico complies with the IMF Special Data Dissemination Standard (SDDS) and publishes a comprehensive range of fiscal information. In agreement with the Federal Law on Transparency and Access to Public Information (LFTAI), both the SHCP and the Federal Institute for Public Information Access (IFAI) have improved the timely and complete access to the available fiscal information for all government levels and entities. Important progress in enhancing fiscal transparency is expected once the national statistics institute, INEGI, is provided with technical and operational autonomy. The Chamber of Deputies has approved the proposed draft, which amends Articles 26 and 73 of the constitution and paves the way for approval of a new *Organic Law of the INEGI*. The reform also aims to launch the 'National System of Statistics, Informatics and Geography' -- a system that will collate the output of the various data producing agencies and then serve as the main access point for national statistics and survey information. This system aims to give the INEGI additional supervisory capabilities to verify the quality of national statistics, including fiscal data.

Several inadequacies remain in the fiscal governance framework, including several in the programming and reporting of the annual budget. Last year, the National Convention on Public Finances (CNH) reviewed the viability of reforming the current fiscal arrangements to establish a clear framework for budgetary activities and the sharing of responsibilities at the different levels of government. The CNH's final recommendations present several mechanisms to promote greater transparency, performance-based assessments, and enforced accountability, but so far their implementation has been weak. The latest attempt to correct these deficiencies is the proposed Federal Law on Budget and Fiscal Responsibility, presented by the Congress Commission of Budget and Public Account in March 2005. The law seeks to correct the defects and overlaps in fiscal governance created by the several laws that control budgetary activities. Although general elections are due in July 2006, its approval appears likely in the short term.

Mexico's overall score is unchanged from last year.

1. CLARITY OF ROLES, RESPONSIBILITIES AND OBJECTIVES



Compliance in progress

The government sector should be distinguished from the rest of the public sector and from the rest of the economy, and policy and management roles within the public sector should be clear and publicly disclosed.

Structure, functions and responsibilities of government

Mexico's government structure is clearly defined in the 1917 Mexican Constitution (as amended) and complementary laws.¹ The constitution allocates authority to implement policy to different government levels, defines federal responsibilities, and entitles Congress to legislate on federal issues.² Responsibilities that are not defined in the constitution should be assigned to the state governments. Municipal tax and spending powers are detailed in the constitution.³

For fiscal accounting and reporting purposes, the non-financial central public sector includes the central government, entities under direct budgetary control (including social security), and non-financial bodies and entities under indirect budgetary control. In turn, the general government comprises the central government and all sub-national levels of government, including their administration and autonomous entities. The financial public sector includes the Bank of Mexico (Banxico), development banks, insurance companies, financial trust funds, and the Bank Savings Protection Institute (IPAB, an autonomous deposit insurance agency).⁴

The distribution of concurrent obligations and unclear areas of responsibilities concerning all three government levels -- such as the regulation and provision of education, health and social assistance, and the management of roads and water supply -- are being revamped under a comprehensive fiscal federalism programme.⁵ The government has allocated budgetary funds targeted at strengthening the management procedures and social responsibilities of state and municipal governments. Under the budget, the seven public funds are grouped under the name *Ramo 33* -- these include the Fund for Basic and Normal Education (FAEB), the Health Service Fund (FASSA) and the Fund for Social Infrastructure (FAIS).⁶

Commentators have stated that additional efforts should be made to centralise the decision-making processes for public spending and tax revenue allocation, which are still highly centralised.⁷ These shortcomings -- in addition to other weaknesses found in the fiscal governance framework -- were reviewed during the six-month National Convention on Public Finances (CNH) held in February - August 2004.⁸ The CNH worked mainly on assessing the viability of reforming the current fiscal arrangements to establish a clear framework for the redistribution of expenditure obligations and the sharing of responsibilities at the federal, state and municipal levels. The CNH's final recommendations present several mechanisms to promote greater transparency, performance-based assessments and enforced accountability. Other observations point to the reformulation of the fiscal coordination law and its constitutional basis, which should become the blueprint for revenue decentralisation.⁹

The implementation of the CNH recommendations are expected to return more fiscal powers to the states and streamline revenue management practices, while increasing incentives to local governments to exercise powers over taxation. However, although there has been progress in several areas, the current highly politicised environment has stymied the successful implementation of the main structural reforms. Some commentators had expected the government to put forward most CNH recommendations as part of the annual fiscal budget, but this has not

happened. Moreover, since Congress is not allowed to introduce changes to the budget proposal (the Chamber of Deputies can only modify the proposals presented by the executive), most of the recommendations have been discussed outside the budget debates. As such, it has been difficult to assess what the impact on medium-term financial requirements would be, while their enactment will need to wait until a parliamentary committee tables them as draft laws (*iniciativa de ley*). Given the political environment, most commentators deemed the chances of this happening as minimal in the short term.¹⁰

Coordination and management of budgetary activities

The Ministry of Finance and Public Credit (SHCP) coordinates the federal budget.¹¹ The Federal Law of Budget, Accounting and Public Expenditure (LPCGF) gives broad powers to the SHCP to issue standards, set expenditure ceilings, programme cash disbursements, and authorise amendments to the budget within the limits established by law.¹² The budget bill contains the Federal Expenditure Budget (PEF) and the Federal Revenue Law (LIF). The former contains resource allocations for constitutionally autonomous entities, centralised public institutions, entities under direct budgetary control, and transfers to other entities (such as non-financial parastatal entities under indirect budgetary control).

The approval and discussion of the annual budget for the last three years has been a contentious issue between President Vicente Fox and Congress. Last year, the Chamber of Deputies failed to approve the budget bill before 15 November, as required by a recent amendment to Article 74 of the constitution (although it remains unclear what kind of sanctions or accountability measures congressmen are subject to as a result). Subsequently, President Fox announced that he would file a legal challenge to the redistribution of resources in the approved budget, on the grounds that it is not compatible with government programmes. However, the fact that the PEF is enacted by legislative decree, and not by law, has raised doubts as to the extent of the president's constitutional veto powers. Commentators said the president could send 'observations' (which in practice would veto a law) on the LIF, but not the PEF.¹³

Since any expenditure changes approved by Congress have to be matched by tax revenue amendments or new tax proposals in the LIF, tax legislation is frequently modified during the budget process. However, given time restrictions, commentators said that these changes are approved without detailed quantitative estimates or technical analysis of their impact on economic activity.¹⁴ On the other hand, some commentators have highlighted the broad powers that the executive has during budget execution; there have been several instances of significant differences between the approved budget and actual expenditures by programmes and funds. The annual *Public Account*, which includes data and reviews actual expenditures for each fiscal year, provides little accompanying explanation about the impact of these disparities in outlays.¹⁵

In order to correct the shortcomings in the coordination and management of budgetary activities, a deputy from the opposition Partido Revolucionario Institucional (PRI) presented a draft Budget Federal Law (*Ley Federal de Presupuesto*) in April 2004 that includes major revisions to the LPCGF to give a detailed framework for the budgetary process.¹⁶ Since then, another five draft laws have been tabled for discussion, but at the time of writing none had been approved. The latest one -- the Federal Law on Budget and Fiscal Responsibility -- presented by the Congress Commission of Budget and Public Account in March 2005, would correct a number of inadequacies and overlaps in fiscal governance created by the several laws that currently govern the planning, programming, and execution of the budget.¹⁷ Commentators judged its approval as likely by the end of 2005 or early 2006, even with presidential elections due in July 2006.¹⁸

The corresponding coordinating bodies and the SHCP approve the draft budgets for all entities under indirect budgetary control. The Chamber of Deputies receives a forecast of their cash flows, for information purposes only. State and municipal governments follow an independent budget process, subject to their own legislation (in general, directives are contained in each state constitution).¹⁹

Relations between government and public sector agencies

Mexico has a series of independent and autonomous institutions, such as the Human Rights Commission (CNDH), the Federal Electoral Institute (IFE) and the Central Bank of Mexico (Banxico). The central bank has full autonomy to conduct monetary policy.²⁰ The central bank may lend to the government in extraordinary circumstances. Loans are limited to a percentage of the PEF's authorised expenditures and must be paid in full within three months. (At the time of writing, the Chamber of Deputies had approved constitutional changes so that the national statistics institute, INEGI, could be granted operational and administrative autonomy. These changes have to be ratified by the Senate and then approved by all state-level Congresses.)

The Federal Audit Office (ASF) is an auxiliary entity to the Chamber of Deputies, which has full technical and administrative autonomy over the external supervision of the federal executive branch.²¹

The Banks and Securities Commission (CNBV) is technically autonomous and supervises the stock market, banking sectors, financial institutions, and the central deposit of securities. In the past, there have been some concerns about the CNBV's operational autonomy (in relation to its financial dependence on the SHCP and the appointment procedures of top CNBV officials).²² The CNBV has embarked on a comprehensive overhaul of its regulatory and surveillance schemes for the financial sector, enforcing international standards based on increased transparency and information availability in order to foster market efficiency.

Government involvement in the private sector

Article 28 of the constitution identifies those strategic sectors where operations should remain exclusively in the public sector. These include postal services, petroleum and oil derivatives, basic petrochemicals, radioactive minerals and nuclear power, and electricity (although private sector self-supply and small-scale electricity generation are allowed). There are about 200 state-owned enterprises in Mexico; their budgets constitute part of the PEF and are thus approved by the Chamber of Deputies. The government has made important efforts to distinguish state-owned enterprises' non-commercial activities from strictly commercial activities. Substantial progress has been made in ensuring that state-owned enterprises' commodities reflect their true economic value.

Public financial institutions carry out considerable quasi-fiscal operations. These agencies incur persistent losses from activities such as lending at below market rates or granting credit without guarantees to developing sectors; in the past, several of these institutions have required major recapitalisations. In May 2003, the state-owned development bank *Banrural* started a comprehensive process of debt and non-performing loans restructuring in order to be transformed into *Financiera Rural*, which started operations in mid-August 2003. *Financiera Rural* aims at establishing transparent and efficient credit lines to finance agriculture and farming activities by introducing a new environment of co-responsibility that reduces corruption and malpractice.²³

Public financial institutions follow an independent budget process, with a series of reforms adopted in 2002 requiring that they adhere to the spending guidelines and ceilings established by the SHCP. Adherence to these rules is also subject to supervision by the CNBV and the Ministry of Public Function (SFP, formerly the Ministry of Administrative Control and Development).²⁴ The reforms have thus widened information disclosure by public financial institutions. In addition, the banking restructuring programmes and portfolio purchases are administered by the IPAB and are well documented in its reports and financial statements.

There should be a clear legal and administrative framework for fiscal management

The constitution, the LPCGF and complementary by-laws provide the legal framework for the budgetary process and fiscal management in Mexico.²⁵ The executive submits a draft revenue law to Congress for approval, thus to become the fiscal year's LIF. The president also introduces the budget proposal, which requires approval by the lower chamber only, to be the PEF. Any increase in spending must be adequately funded with revenues authorised in the LIF. Since the constitution and the LPCGF do not specify whether this can be done with additional borrowing, legislators have included quantitative ceilings on net external-debt annual balances. Similar to last year's Budget Federal Law draft, the proposed Law on Budget and Fiscal Responsibility aims at imposing additional requirements for fiscal responsibility, medium-term planning, rules on the redistribution of expenditure and surplus revenues, budgetary autonomy, and the strengthening of accounting standards. As a result, the law seeks to establish a clear, streamlined and permanent process for budgetary programming, execution and reporting, thereby removing the need to approve these procedures every year as part of the annual LIF and PEF.²⁶

Legal framework for budgetary activities

The Organic Law of the Federal Public Administration (LOAPF) centralises the fiscal process under the SHCP, which issues regulations and oversees budget and off-budget activities.²⁷ The SHCP is also required to estimate revenues and manage public credit. The Manual of Budgetary Rules sets standards and reinforces the authority of the SHCP to establish spending ceilings.²⁸ The SHCP approves disbursement timetables for budget execution and authorises amendments to the budget within the PEF's established limits. The SHCP is required by law to disclose fiscal information to Congress, while government agencies must report to the SHCP.

The current legal framework has a series of important shortcomings, in particular regarding the distribution of surplus, non-budgeted revenues (which is usually windfall income from oil exports). Article 25 of the LPCGF establishes that the executive can allocate these resources to programmes as it deems appropriate. This provides ample leeway to exercise discretionary spending, for which Congress has no statutory mechanisms to oversee the efficient use of spending. As a result, the PEF has hitherto incorporated annual criteria on how to increase expenditures or make debt payments when revenue surpluses are above the LIF's estimates. It has also norms for revenue-sharing transfers and expenditure cuts to meet budgetary targets and policy objectives. Nevertheless, fiscal transparency would benefit -- both in terms of budget execution and accountability -- from a clearer budgetary framework that incorporates permanent rules and/or clear procedures to deal with differences between budgeted and actual revenues.²⁹

Legal framework for taxation

Under the constitution, the federal government has the authority to tax international trade, goods and services, and natural resources while the state governments possess the majority of tax powers. However, the Fiscal Coordination Law of 1979 (as amended in 2003) transfers the authority to tax from states to the federal government. The subsequent revenues are distributed through a General-Revenue Sharing Fund, which allocates up to 20% of revenues according to state population sizes and their ability to generate revenues.³⁰

Although the transfer of resources from the federal to state governments has usually been transparent and non-discretionary, the federal government has begun to return some fiscal powers to the states under the fiscal federalism programme. Tax legislation at the federal and state level is publicly available through the Tax Administration Service (SAT) and the SHCP websites. States control income tax for individuals and 5% of income tax for corporate activities; they can also establish sales tax on real estate.

Ethical standards for public servants

Articles 108-114 of the constitution and the Federal Law on the Administrative Responsibilities of Public Servants establish responsibilities and ethical standards for all public officials.³¹ The SFP is in charge of enforcing and supervising adherence to the standards and the law. In addition, most agencies and ministries (including the SAT, CNBV, Banxico and the Federal Audit Office) publish their own codes of conduct and standards for public employees.

2. PUBLIC AVAILABILITY OF INFORMATION



Compliance in progress

The public should be provided with full information on the past, current and projected fiscal activity of government.

Mexico complies with the IMF Special Data Dissemination Standard (SDDS), and publishes a broad range of fiscal information. In June 2002, Congress approved the Federal Law on Transparency and Access to Public Information (LFTAI), which mandates timely and complete access to fiscal information on all government expenditures, subsidies, transfers, privatisation processes, fiscal concessions, and public procurement. Chapter two of the LFTAI created the Federal Institute for Public Information Access (IFAI), through which the available fiscal information for any government level or entity can be made available to the public upon request.³² In addition, most government websites provide access to a 'transparency portal' where all information required by the LFTAI can be accessed.³³ Commentators highlighted that important progress has been made during 2004-05 in the provision of information on the public sector's financial trusts (*fideicomisos*), which previously were unrecorded and seldom monitored owing to the confidentiality provisions established in the Banking Law.³⁴

Central government operations

Data on central government operations cover the central government, which includes all federal government units under budget control (the legislative and judicial branches; autonomous agencies; the central public administration and its decentralised units) and social security institutions. Data are disseminated in monthly tables, registered on a modified cash basis, broken down into revenues and expenditures (including social security contributions), outstanding net domestic and external debt, and debt payments.³⁵

Fiscal data and information (also in English) are available on the SHCP's website.³⁶ Available information also includes monthly and quarterly reports to Congress covering the country's macroeconomic evolution and fiscal performance. In addition, each quarter the SHCP releases the *Report on the Economic Situation, Public Finances and Public Debt*.³⁷ These reports contain monthly and quarterly data on central government operations as part of the budgetary public sector. Financial requirements, revenues and expenditures, cash flows, and public sector debt statistics are compiled by using uniform criteria for classifying and grouping central government financial operations with other sectors of the economy.

Public sector operations

General government statistics show detailed information on revenue from taxes, contributions to social security, non-tax revenue and capital revenue. Expenditure is classified by economic type, as current and capital expenditure, and by function. Data also include the public sector balance sheet and financing broken down into domestic and foreign debt by type of holder. The SHCP discloses information on the central government budget, public health institutions, and the decentralised agencies under direct budgetary control. Information on state-owned enterprises includes transfers from the federal government (included in the PEF) and their projected cash flows. The LIF contains profit margins of state-owned enterprises to be included in the budget.

Monthly data on the central non-financial public sector cover the central government, entities under direct budgetary control (including social security), and non-financial bodies and entities under indirect budgetary control, recorded

on a cash basis. Revenue and expenditure components are presented at the budgetary level (the central federal government and entities under direct budgetary control).³⁸ Annual data on general government operations, recorded on a consolidated and cash basis, cover the central government, the 31 state governments, and the 2,418 municipal governments. Data is broken down into revenue, expenditure, the overall balance and debt. Debt is divided into external financing and domestic financing (split into bank and non-bank financing).

Most non-financial state-owned enterprises disseminate their financial statements and balance sheets on their own websites. In addition, the CNBV releases these data for public financial institutions. Information on the numerous public trusts (established with development banks) is increasingly being made publicly available as part of the Report on the Economic Situation, Public Finances and Public Debt.³⁹ The SHCP does not disclose periodic assessments of contingent liabilities and quasi-fiscal activities of non-financial parastatal entities.

The *Gazettes of States and Municipalities* disclose fiscal information on sub-national government levels, although data are not frequently updated and do not follow a standardised presentation. The SHCP's Fiscal Coordination Unit has issued a series of regulations to improve overall fiscal transparency practices in states and municipalities, and the agreements on fiscal cooperation between the SHCP and the states began to be signed in March 2003.⁴⁰ Commentators underscored that the availability of information on states and municipalities' fiscal accounts has markedly improved in the last three years.⁴¹ The INEGI collates fiscal information for the states and municipalities through the Integral Information System (SII) and the Municipal Database System (SIMBAD). Consolidated data are published in the annual Revenue and Public Spending in Mexico reports, which contain information on general government, state and municipal revenues, spending, and registered debt.⁴²

A commitment should be made to the timely publication of fiscal information.

The LFTAI requires the publication of monthly reports on budget execution by institution, public finances, and debt within the guidelines established in the PEF. This information is available on the SHCP website.

Debt reporting

As part of its commitment to the IMF SDDS, Mexico publishes comprehensive information on outstanding domestic and foreign debt. Information is disclosed on maturities, scheduled payments, and recent borrowing operations. The quarterly Report on the Economic Situation, Public Finances and Public Debt contains data on outstanding (net and gross) domestic and foreign debt; the report also provides information on the financial guarantees by the federal government to state development banks, public trusts, the IPAB and the Highway Support Trust Fund (FARAC). In addition, the monthly Public Finance and Public Debt Reports provide consolidated debt data.

Information on the stock of contingent liabilities stemming from the reforms to federal pension and health insurance systems, and other possible sources of contingent liabilities such as the pension systems for state/municipal government employees and the military were calculated as part of the CNH discussions to reform the pensions regime of the public sector employees' healthcare system (ISSSTE). However, commentators said that the SHCP only reports the financing flows required for each fiscal year, since calculations for the present value (or stock) of contingent liabilities arising from pension systems are extremely sensitive to the underlying assumptions (for example the discount rate, GDP and population growth rates), and thus these figures could prove misleading.⁴³

Advance release calendars

As part of its commitment to the SDDS, Mexico disseminates advance release calendars for fiscal information available on the IMF SDDS, SHCP, and INEGI websites.⁴⁴

3. OPEN BUDGET PREPARATION, EXECUTION AND REPORTING



Enacted

Fiscal policy objectives, macroeconomic framework, and risks

Fiscal policy objectives

The National Programme to Finance Development (PRONAFIDE) contains the government's overall medium-term economic strategy, as well as the optimal policies to meet its targets.⁴⁵ The SHCP submits the macroeconomic analysis report Economic Policy Guidelines (CGPE) together with the LIF and PEF bill proposals to Congress, by 8 September of each fiscal year at the latest in order to comply with Article 74-IV of the constitution. The CGPE includes information on fiscal policy objectives and sectoral priorities, but this is limited to aggregates.⁴⁶ Procedures and econometric forecasting models used to estimate macroeconomic projections are not disclosed.

Macroeconomic framework

The CGPE sets out the macroeconomic framework and procedures for budget preparation for the relevant fiscal year. However, according to the law, the PEF's sectoral objectives must meet the ones set out in the *National Development Plan* (PND) and the PRONAFIDE. The PRONAFIDE sets targets for the federal (non-financial) government's debt and budget during the presidential term.

Since the relationship between the PRONAFIDE's medium-term financial plan and each year's budget process was not entirely clear (given that its objectives were seldom met), the authorities have decided to update the PRONAFIDE forecasts and include these in the CGPE to reflect changing foreign and domestic economic conditions affecting fiscal performance, while harmonising objectives over the short, medium, and long term. Multi-annual forecasts (2006-2009) for GDP growth, public sector balances and borrowing requirements, and inflation are included in the CGPE for 2006.

Fiscal risks

The CGPE discusses the established macroeconomic assumptions, previous years' outturns, and the next year's forecast, but there is no explicit analysis of fiscal risks. The fiscal year 2006 budget draft does not include macroeconomic scenarios that explain the impact of a number of potential fiscal reforms (particularly to the tax system) if they were approved. As in previous years, some commentators stated that publishing various scenarios -- and certainly some including the fiscal benefits from implementing the diverse CNH recommendations -- would have been welcomed both in terms of increasing transparency and to make clear the need for reform.⁴⁷

The government uses the broader fiscal measure of Public Sector Borrowing Requirements (RFSP, *Requerimientos Financieros del Sector Público*), which measures the financing needs of public entities and of private and social entities that act on the government's behalf. The RFSP is a particularly useful measure to assess the trend that the ratio of public debt to GDP could follow in the medium term. In fact, some commentators stated that this measure, and not the traditional public sector balance, should be the basis for budget discussions regarding any fiscal surplus rules. On the other hand, they cautioned that a number of critical assumptions included in the CGPE report, such as that there will not be future 'Public Investment Projects Financed by the Private Sector' (PIDIREGAS), should be

addressed in order to have reliable indicators of fiscal risks.⁴⁸ The SHCP publishes and delivers to Congress a summary of the fiscal cost that the tax code -- owing to approved exemptions, subsidies, special fiscal treatments, and differentiated tax bands -- generates in terms of loss of revenues in each fiscal year.⁴⁹

The comprehensive *Report on the Economic Situation, Public Finances and Public Debt* (issued quarterly) includes, as part of a detailed assessment of the evolution of public finances and the economy as a whole, a list and brief explanation of the federal government's commitments and guarantees.

Fiscal sustainability

There are no comprehensive SHCP studies or reports on fiscal sustainability that include pension liabilities for the military, public universities, and state/municipal government employees. In general, the CGPE reports incorporate a medium-term analysis on deficit sustainability for the public sector. The Public Debt Committee of the CNH presented a cross-section analysis of the contingent liabilities arising from the different pensions systems according to public sector classification and level of government.⁵⁰

Mexico has kept its annual automatic mechanisms to adjust expenditure when actual revenues differ from budget forecasts. Some ambiguities have typically remained in each year's LIF provisions for the distribution of windfall oil revenues; the lack of clear interpretation has put significant political pressure on federal authorities in the last three years. In 2004, since actual oil revenues exceeded the LIF forecasts, state governments demanded additional disbursements as established in Article 23J of the 2004 LIF. In this context, plans to establish clear definitions of the value and disbursement process of these revenues (for example, setting up a payments calendar) are included as part of the CNH recommendations and in the draft Law on Budget and Fiscal Responsibility.⁵¹

Legislation prevents states and municipalities from borrowing in foreign markets and sets ceilings on states' domestic borrowing.

Budget presentation

Data reporting

Data are available with a comprehensive budget classification by institution, function, programme, and economic category. Information on programme classification in the PEF 2004 and the *Public Account* 2004 was more aggregated than in previous years, a fact that considerably diminished fiscal transparency. The 2005 PEF and the 2006 PEF draft have recovered some of the previous structural information by programme, but there are several differences between the budget programming codes of 2005 and 2006.⁵² As a result, some commentators underscored that this has led to several important shortcomings. First, the lack of detail at the programme classification level for some fiscal years has rendered budget allocations/execution not comparable with previous outturns. Second, by introducing annual modifications to the programming code for budget expenditure, it is difficult (for both the Congress and the public) to conduct an adequate evaluation of programme results, which could be used as information to decide on the allocation of resources for next year's budget.⁵³

The institutional classification divides expenditure into budgetary branches, which comprise autonomous branches, administrative branches, general branches, and entities under direct budgetary control. Each agency's data include expenditures by programme that, in turn, include information on functions, expenditure classified by activity, responsible unit, project, and economic category. The functional and economic classification used is generally compatible with international classifications, and several improvements have been made regarding data layout and compilation techniques.

Budget execution and monitoring

Budget execution schedules and performance evaluations have been enhanced with the introduction of the System for Budgetary Execution Control (SICGP) and the Integrated System for Federal Financial Management (SIAFF), which allows institutions to report disbursements electronically. The SICGP has been gradually introduced across the federal government -- thus improving the ability of the SHCP to monitor fiscal management in both government agencies and parastatal institutions -- and has helped to reduce budgetary lags.

The Treasury Department's SIAFF allows the recording of expenditures at all levels and stages of the budget implementation, and discloses fiscal data in real time. It started operations in January 2003, and full implementation for operations of the federal government is now complete.⁵⁴ More importantly, the SHCP publishes the monthly progress on budget expenditures for the central government and parastatal institutions, which also includes payment obligations and guarantees by the federal government.⁵⁵

In terms of budget planning and programming, significant progress has been achieved though the design and implementation of the Integral Process of Programming and Budgeting (PIPP, *Proceso Integral de Programación y Presupuesto*). The PIPP has introduced several innovations to streamline procedures, both via the integration of new IT capabilities and by establishing clear rules and calendars for the system's operation.

Since 2003, the government has worked to design a PEF that incorporates performance indicators, which should help to identify and target socio-economic needs while allowing a reliable assessment of the impact of budget spending. Although several improvements have been made, for example by including a statement of objectives to be achieved by major budget programmes, some commentators expressed concern about the gradual reformulation of performance indicators, which are moving from programme goals to institutional activities. In addition, most budgetary programmes have no periodic performance analysis, and given the latest criteria used for setting performance indicators, it is unclear how budget allocations for the next annual budget can relate to socio-economic assessments.⁵⁶

In agreement with Articles 2-IX and 8 of the Law on the Federation's Supreme Audit (*Ley de Fiscalización Superior de la Federación*), the executives compile and presents to Congress a mid-year review of budget execution and audit control. This report includes financial and programming information that is subsequently incorporated into the annual *Public Account*.⁵⁷

Accounting basis

Mexico uses a modified cash-based accounting system under the Integral System of Government Accounting (SICG).⁵⁸ For purposes of budget monitoring, operations include transactions in cash, transactions compensated between receipt-outlay and between outlay-financing, and operations in kind (at market value). Some government commitments and guarantees are recorded as required by law; accrued obligations are recorded at the same time as the payment orders. The Treasury does not make all third-party payments directly, but transfers a portion of the funds to executing units, thereby converting them into 'independent' treasuries.

The government has continued to implement a comprehensive review of accounting practices in local governments through the Modernisation Programme for States' Accountancy Systems and Registers, as part of the decentralisation process. The government has reported substantial progress in providing technical assistance in several states. The SHCP releases the monthly *Technical Bulletin on Government Accounting* to make available the guidelines and any technical progress that fosters transparency in the government's accounting practices.⁵⁹

Procurement and employment

The Law on Procurement, Leasing and Services in the Public Sector and the Law on Public Works and Related Services, with their respective regulations, have substantially enhanced procurement systems. Regulations apply to the federal government with the exception of the judicial and legislative branches and other autonomous entities. The Ministry of Public Function (SFP) operates an electronic procurement system (COMPRANET)⁶⁰ that discloses all calls for tender, bidding documents, and award decisions.⁶¹ In addition, the LFTAI provides detailed guidelines for disseminating procurement information by every government unit in Mexico -- this information is generally found on each unit's 'transparency portal'.

Public employment is regulated by the Federal Law on Public Sector Workers (1963, as amended in January 1998) on the basis of Article 123(B) of the constitution, and complementary by-laws.⁶² Except for certain careers subject to specific regulations, all public employees are legally classified according to whether they occupy staff or managerial positions; these two types of positions are subject to different recruitment, promotion, and layoff procedures.

There have been substantial efforts to advertise job vacancies, and to appoint employees through a competitive recruitment and selection process as part of the ongoing plans to establish a civil service career programme. However, some commentators judged that there is still ample discretion in appointment practices, especially for mid-level and senior management positions.⁶³ The Salary Description and Evaluation System has gradually reduced wage discrepancies among similar jobs in different government units. A wage schedule for the different employment levels can be found on each unit's transparency portal.⁶⁴

Fiscal reporting

The SHCP and the Executive Office are required by law to report fiscal information to Congress. For example, the PEF requires the SHCP to submit quarterly reports on economic balance, government finances, public debt and the performance of programmes that have 'operation rules' assigned. These reports must be made available within 35 calendar days after the end of each quarter. All audited public sector accounts must be submitted to Congress before 5 June of the following year.

The Fiscal Audit Office (ASF) produces the *Review and Audit of the Federal Government Public Account* for each fiscal year, which is published by the end of March of the following year, based on the information provided by the executive in the mid-year review of budget execution and the *Public Account* reports.⁶⁵ The report contains detailed execution information on the revenue and expenditure budgets and provides an explicit comparison of budget execution against initial and amended allocations. The Federal Audit Law (2000) also requires the ASF to supply a mid-year status report on the federal government accounts, which is submitted to Congress in August.

In general, the budget includes guidelines for the publication of annual results achieved relative to the objectives of major budget programmes. These are presented to the Congress Commission of Budget and Public Account, which should use the information while allocating resources for the next fiscal year's budget. However, some commentators judged that Congress should increase its technical capabilities in order to make full use of the available information. In turn, the executive should provide more time to Congress to review the results, and summaries of the main findings presented to Congress should be open to public scrutiny.⁶⁶

4. ACCOUNTABILITY AND ASSURANCES OF INTEGRITY

●●●● Compliance in progress

Data quality standards

Mexico observes the IMF SDDS requirements in all categories, using flexibility options for the timeliness of data on the operations of the general government and the central government. Timeliness requirements are exceeded with respect to data on national accounts and central government debt.⁶⁷

The methodology used to compile government finance statistics follows national concepts and definitions that are generally similar to the IMF guidelines of the Manual on Government Finance Statistics (GFSM 1986), and the government is currently assessing the suitability of introducing the IMF Government Finance Statistics Manual (GFSM 2001). Government finance statistics are compiled and disseminated for the federal government (budgetary central government), consolidated central government, general government, budgetary public sector, non-financial public sector, and public sector borrowing requirement. The production and publication of data on government operations is governed by the Law on Statistical and Geographical Information, Article 47(IV) of the Federal Law on the Responsibilities of Public Servants, and Article 19(XVIII) of the Rules of Procedure of the SHCP. Data provided for statistical purposes may not be divulged individually, and when being disseminated to the public they should be presented in such a way as to preserve the anonymity of the reporting entities.

Budget execution is considered to be broadly in line with the approved budgetary figures, although several cuts and supplements do take place. These changes are presented in the SHCP quarterly reports to Congress only if they are above the annual thresholds established in the PEF. Some commentators have highlighted that establishing the thresholds as a percentage of the budgeted spending has hitherto granted the executive ample powers to authorise discretionary changes; to remedy this deficiency, the PEF should include the thresholds measured in absolute terms.⁶⁸

Public sector fiscal reports and the federal government's *Public Account* are reconciled with broad fiscal and monetary data. The government has made substantial progress in reducing the time lag for the presentation of the *Public Account* report and increasing the scope of data for all government levels (federal, state and municipal). The INEGI publishes the *Monthly Statistics of the States' Public Finances*, which allows the SHCP to compile revenue, expenditure, and financing information for state governments more accurately.

Independent scrutiny of fiscal information

Independent Audit

The SFP carries out internal audits, but commentators have repeatedly stated that its appraisals -- and the overall internal supervision process -- are very unreliable. For example, they perceived many government departments to be overwhelmed by the information requirement of the SFP, and many civil servants appeared to be reluctant to carry out administrative duties because they did not understand the scope and remit of the SFP audits. On the other hand, commentators were somewhat sceptical about the actions that public sector agencies were performing in order to comply with the SFP's audit recommendations. In this context, public accountability over government expenditure is perceived as weak and in need of efficient enforcement. Some commentators have suggested that the entire

statutory framework and practices should be reviewed in order to streamline operations and avoid the current duplication of functions.⁶⁹

The ASF, acting as an auxiliary body to the Chamber of Deputies, possesses full institutional and operative autonomy and exercises external supervision over the whole federal executive branch. As such, the ASF has the authority to conduct audits for all federal public entities, states, municipalities, and individuals. Audits at the sub-national level are implemented through coordination agreements with state legislatures and auditors, following guidelines established in the Law on the Federation's Supreme Audit. The ASF reports to the Chamber of Deputies by 31 March of the following year; once the deputies have reviewed the reports, the documents are published and made available upon request. Some commentators have suggested that the technical capacity of the Chamber of Deputies, especially the commissions in charge of reviewing the socio-economic impact of budget programmes, should be strengthened in order to truly exercise a supervisory role.⁷⁰

National Statistics Agency

The SHCP is responsible for the production and dissemination of financial statistics on the federal government. The national statistics institute, INEGI, has the authority and responsibility for planning, promoting, and implementing the organisation and development of an integrated national and economic accounting system. The INEGI does not possess auditing functions to verify the federal government's financial statistics.

At the time of writing, the INEGI remained a devolved body of the SHCP. However, in early October a Congress Commission tabled a proposal to Congress to vote a draft law that would grant statutory autonomy to the INEGI. The Chamber of Deputies has approved the draft, which was then sent to the Senate for discussion and ratification. As a whole, the proposed changes would grant technical and operational autonomy to the INEGI by amending Articles 26 and 73 of the constitution and enacting a new *Organic Law of the INEGI*. Importantly, an internal, five-member board of governors would be in charge of the institute's management; the president (with the Senate's approval) would appoint the board members (it is unclear if the tenure of board members will be staggered, thus similar to the arrangements for the central bank's board of governors). The reform also aims to launch the 'National System of Statistics, Informatics and Geography' -- a system that will collate the output of the various data producing agencies and serve as the main access point for national statistics and survey information.⁷¹

INTERVIEWS

Representatives of *Oxford Analytica* interviewed the following individuals during a visit to Mexico between 3 and 6 October 2005:

Ministry of Finance and Public Credit (SHCP)

6 October 2005

Alexis Milo	Director of Fiscal Policy Head of the Investor Relations Office
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Central Bank of Mexico (Banxico)

4 October 2005

Alberto Torres	Manager of Monetary Policy Research
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ADDITIONAL INTERVIEWS

3 October 2005

Ricardo Sierra	Deputy Director	Centro de Estudios de las Finanzas Publicas (CEFP) Chamber of Deputies, Congress
Mario Rodarte	Director General	Centro de Estudios Económicos del Sector Privado (CEESP-CCE)

5 October 2005

Joost Draaisma	Senior Economist	World Bank
Alejandro Ortiz	Project Manager	Fundar
David Dávila	Researcher	Fundar
Mariana Pérez	Researcher	Fundar

NOTES

¹ Constitution of the United States of Mexico of 1917 (as amended in June 2005, in Spanish only).

www.cddhcu.gob.mx/leyinfo/pdf/1.pdf

² Constitution of 1917, Articles 73 and 117-121.

³ Constitution of 1917, Article 115.

⁴ For a concise description of the Mexican Public Sector see IMF Country Report 02/200, 'Mexico: Report on the Observance of Standards and Codes—Fiscal Transparency Module' page 7, figure 1.

www.imf.org/external/pubs/ft/scr/2002/cr02200.pdf

⁵ See *Special Programme for an Authentic Federalism 2002-2006* (in Spanish only), Ministry of Interior (SEGOB):

www.inafed.gob.mx/work/resources/PAF/0000%20Index.pdf

⁶ For a list and descriptions of the funds included in *Ramo 33*, which help strengthen the objectives of the fiscal federalism programme see: www.inafed.gob.mx/wb2/INAFED/INAF_4_Participaciones_Feerales_Ramo_33

⁷ Interviews in Mexico, 17-19 November 2003 and 3-6 October 2005.

⁸ See *Convención Nacional Hacendaria* (CNH) at: www.cnh.gob.mx

⁹ See the CNH's final report and recommendations, *Declaratoria a la Nación y Acuerdos* (in Spanish only), at:

www.cnh.gob.mx/pdfs/declaratoriafinal.pdf

¹⁰ Interviews in Mexico, 22-25 November 2004 and 3-6 October 2005. In fact, most state and municipal governors had expressed a desire to minimise the involvement of federal congressmen in the CNH, so as to avoid some of the previous difficulties experienced during the 2004 budget negotiations between the government and opposition parties.

¹¹ Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*-SHCP)

www.hacienda.gob.mx

¹² Law of the Federal Budget, Accounting and Public Expenditure (LPCGF- *Ley de Presupuesto, Contabilidad y Gasto Público Federal*, in Spanish only): www.cddhcu.gob.mx/leyinfo/pdf/61.pdf

¹³ Interviews in Mexico, 22-25 November 2004.

¹⁴ Interviews in Mexico, 22-25 November 2004 and 3-6 October 2005. For the 2005 budget, for example, the estimated oil price of 23 dollars per barrel set by the government was raised to 27 dollars and approved by Congress without any formal, analytical explanation.

¹⁵ Interviews in Mexico, 3-6 October 2005.

¹⁶ See '*Iniciativa de Ley Federal de Presupuesto, a cargo del Diputado Francisco Rojas Gutiérrez, Grupo Parlamentario del Partido Revolucionario Institucional (PRI)*' (in Spanish only) at:

<http://gaceta.diputados.gob.mx/Gaceta/59/2004/abr/Anexo-I-15abr.html#Ini20040415Frojas>

¹⁷ See '*Proyecto de Decreto por el que se Expide la Ley Federal de Presupuesto y Responsabilidad Hacendaria*' (in Spanish only) at: <http://gaceta.diputados.gob.mx/Gaceta/59/2005/mar/Anexo-IV-10mar.html>

Among other improvements, the law includes: formulas to set the price of oil according to historical spot prices and forward contracts; explicit mechanisms to ensure fiscal responsibility and transparency; a plan to approve the budget within the period between 1 April – 15 November of each year; analysis of multi-annual investment projects; and it establishes performance indicators to evaluate the impact of budget spending (including penalties for under-spending).

¹⁸ Interviews in Mexico, 3-6 October 2005. Some opposition congressmen are seeking amendments to the current draft.

¹⁹ State constitutions at: www.cddhcu.gob.mx/bibliot/infolegi/consedos/

²⁰ Law of the Bank of Mexico (as amended in 1999):

www.banxico.org.mx/siteBanxicoINGLES/aAcercaBanxico/RegimenJuridico/LeyBancoMexico/LeyBancoMexico.html

²¹ The Federal Audit Law of 2000 replaced the Senior Comptroller of Finance with the Federal Audit Office. See:

www.asf.gob.mx/asf.htm

²² Interviews in Mexico, 17-19 November 2003. The SHCP directly appoints six of the 13-member board, including its president (although members are chosen based on rigorous criteria). The CNBV's president, who chairs the board, appoints two additional members. Therefore, the SHCP could potentially influence the decisions of eight of the 13-member board. See the Law of the Banks and Securities Commission of 2001 (*Ley de la Comisión Nacional Bancaria y de Valores*) at: www.cnbv.gob.mx

²³ Interviews in Mexico, 17-19 November 2003.

²⁴ Ministry of Public Function (SFP): www.funcionpublica.gob.mx/index1.html

²⁵ The principal laws related to budget planning, programming, and execution are:

Ley de Presupuesto, Contabilidad y Gasto Público Federal (1976 -- LPCGF); *Ley General de Deuda Pública* (1976); *Ley de Coordinación Fiscal* (1978); *Código Fiscal de la Federación* (1981); *Ley de Planeación* (1983), *Ley del Servicio de Tesorería de la Federación* (1985); and *Reglamento de Ley de Presupuesto, Contabilidad y Gasto Público Federal* (1981).

²⁶ Interviews in Mexico, 3-6 October 2005. For a systematic analysis of the current legal shortcomings and the potential impact of the Federal Law on Budget and Fiscal Responsibility, see *Cómo fortalecer la participación de la Cámara de Diputados en el Gasto Público?*, Fundar 2005 (in Spanish only) at:

www.fundar.org.mx/secciones/publicaciones/PDF/gastopublico.pdf

²⁷ Organic Law of the Federal Public Administration (*Ley Orgánica de la Administración Pública Federal*)

www.hacienda.gob.mx/servs/normativ/leyes/l_oapf.pdf

²⁸ *Reglamento de la Ley de Presupuesto, Contabilidad y Gasto Público Federal* (in Spanish only):

www.hacienda.gob.mx/ucef/nuevo_marcojuridico/RegdeleydePCGP.pdf

²⁹ Interviews in Mexico, 3-6 October 2005.

³⁰ Fiscal Coordination Law of 1978 (*Ley de Coordinación Fiscal*, in Spanish only):

www.cddhcu.gob.mx/leyinfo/pdf/31.pdf

³¹ *Ley Federal de Responsabilidades Administrativas de los Servidores Públicos* (in Spanish only):

www.shcp.sse.gob.mx/contenidos/asesoria_juridica/temas/leyes_y_disposiciones/documentos/otras_leyes_disposiciones/documentos/leyes/ley_respon_2002.pdf

³² Federal Institute for Public Information Access: www.ifai.org.mx/index.html

³³ For example, see the SHCP's transparency webpage at: www.hacienda.gob.mx/difus/transparencia/

³⁴ Interviews in Mexico, 3-6 October 2005. Although the federal government has publicly available registrations for about 160 public trusts, there are also numerous 'private' trusts (which are also financed with government money) that remain without records. The Federal Audit Office (ASF) estimated in September 2004 that there could be about 3,300 public and private financial trusts.

³⁵ For the monthly balance of central government operations see:

www.shcp.gob.mx/eofp/cuadros/D01D2005.html

³⁶ Basic Economic and Financial Data: www.hacienda.gob.mx/english/eofp/index.html

³⁷ See *Informes sobre la Situación Económica, y las Finanzas y Deuda Pública* reports (in Spanish only) at:

www.shcp.sse.gob.mx/contenidos/informacion_economica/temas/politica_economica/html/subtema5.htm

³⁸ For the monthly balance of the central non-financial public sector see:

www.shcp.gob.mx/eofp/cuadros/A01D2005.html

³⁹ For information on public trusts, see for example *Anexo XV Fideicomisos Públicos* (in Spanish only) at:

www.shcp.sse.gob.mx/contenidos/informacion_economica/temas/politica_economica/contenido/documentos/subtema5/anexo_sobre_fideicomisos.pdf

⁴⁰ *Convenios de Colaboración Administrativa en Materia Fiscal Federal* (in Spanish only):

www.hacienda.gob.mx/servs/normativ/convenios/index.html

⁴¹ Interviews in Mexico, 22-25 November 2004.

⁴² See *Ingreso y Gasto Público en México Edición 2005* (in Spanish only):

www.inegi.gob.mx/prod_serv/contenidos/espanol/bvinegi/productos/integracion/sociodemografico/igpm/2005/IGPM-2005.pdf

⁴³ Interviews in Mexico, 22-25 November 2004. Nevertheless, a figure is provided in the CNH's final report and recommendations.

⁴⁴ Mexico Advance Release Calendar from the IMF website:

<http://dsbb.imf.org/Applications/web/sddsctycatarclist?strcode=MEX>

⁴⁵ SHCP 'PRONAFIDE 2002-2006': www.hacienda.gob.mx/english/docs/pronafide0602e.pdf

⁴⁶ Economic Policy Guidelines 2006 (in Spanish):

<http://www.shcp.sse.gob.mx/aplicaciones/ori/contenido/2005/criterios.pdf>

A summary in English is available at:

http://www.shcp.sse.gob.mx/aplicaciones/ori/ingles/contenido/2005/economic_program_2006.pdf

⁴⁷ Interviews in Mexico, 22-25 November 2004 and 3-6 October 2005. See the 2006 budget draft bill webpage (in Spanish only) at: www.shcp.sse.gob.mx/contenidos/presupuesto_egresos/temas/ppef/2006/index.html

⁴⁸ See the historical balance of the RFSP (in Spanish only) at:

http://www.hacienda.gob.mx/eofp/ame/eo_am301.pdf

⁴⁹ See *Presupuesto de Gastos Fiscales 2005* (in Spanish only) at:

www.shcp.sse.gob.mx/contenidos/shcp/comunicados/documentos/gf_2005.pdf

⁵⁰ See *Minuta de la 3ª. Reunión de la Mesa de Deuda Pública* for estimates of contingent liabilities stemming from the different pension systems (in Spanish only) at:

<http://cnh.gob.mx/documentos/2/2/art/archivos/f2toddf2.pdf>

⁵¹ Interviews in Mexico, 3-6 October 2005.

⁵² Interviews in Mexico, 3-6 October 2005. The problem with the availability of data stems from the fact that there are no statutory requirements to produce the analytical volume containing expenditure information by programme. This is provided upon request to Congress during preparation of the budget. See Volume III, *Analíticos del Presupuesto de Egresos de la Federación*, for the 2001-03 and 2005 PEFs (in Spanish only) at:

www.shcp.sse.gob.mx/contenidos/presupuesto_egresos/temas/pef/index.html

Note that this information is not available for fiscal year 2004, although information can be obtained via the IFAI and the transparency law for each programme upon request.

⁵³ Interviews in Mexico, 3-6 October 2005. The programming codes for expenditure classification and implementing rules (in Spanish only) are available at:

www.shcp.sse.gob.mx/contenidos/presupuesto_egresos/temas/programacion/index.html

⁵⁴ Integrated System for Federal Financial Management (SIAFF, in Spanish only): www.tesofe.gob.mx/siaff

⁵⁵ Allocation and Disbursement of the PEF (*Asignación y Ejecución del Presupuesto de Egresos del Poder Ejecutivo*, in Spanish only): www.hacienda.gob.mx/cofp/indice.html

⁵⁶ Interviews in Mexico, 3-6 October 2005. Performance indicators that follow institutional activity criteria are, by necessity, related to institutional performance and coverage. Therefore, the indicators measure the overall performance of the relevant line ministries or authorities (for example, spending efficiency and timeliness), but not the impact of each programme in itself. As a result, it is unclear how the indicators' results can be related to the socio-economic impact of a programme to justify resource allocations in each fiscal year.

⁵⁷ See mid-year review report, *Informe de Avance de Gestión Financiera* (in Spanish only) at:

www.shcp.sse.gob.mx/contenidos/contabilidad_gubernamental/temas/informe_avances/index.html

The annual *Public Account* report, *Cuenta de la Hacienda Pública Federal*, (in Spanish only) is available at:

www.shcp.sse.gob.mx/contenidos/contabilidad_gubernamental/temas/informe_cuenta_publica/index.html

⁵⁸ See the *Sistema Integral de Contabilidad Gubernamental* bulletin (in Spanish only) at:

www.shcp.sse.gob.mx/contenidos/contabilidad_gubernamental/temas/normatividad/manual2004/index.html

⁵⁹ See the Technical Bulletin on Government Accounting (*Boletín Contabilidad Gubernamental*, in Spanish only):

www.shcp.sse.gob.mx/contenidos/informacion_economica/temas/politica_economica/html/subtema8.htm

⁶⁰ www.compranet.gob.mx

⁶¹ Procurement Regulations (in Spanish only): www.funcionpublica.gob.mx/unaopspf/norma.htm

⁶² See *Ley Federal de los Trabajadores al Servicio del Estado* (in Spanish only) at:

www.cddhcu.gob.mx/leyinfo/pdf/111.pdf

⁶³ Interviews in Mexico, 22-25 November 2004.

⁶⁴ See, for example, wage schedules for the SHCP, *Tabulador y Sistema de Compensaciones* (in Spanish only) at:

www.hacienda.gob.mx/difus/transparencia/ind_sueldo.html

⁶⁵ Auditoria Superior de la Federación: www.asf.gob.mx/asf.htm

⁶⁶ Interviews in Mexico, 3-6 October 2005.

⁶⁷ See Summary of Observance at: <http://dsbb.imf.org/Applications/web/sddsctycatsoolist/?strcode=MEX>

⁶⁸ Interviews in Mexico, 3-6 October 2005. See Article 15 of the 2006 PEF draft bill (in Spanish only) at:

www.shcp.sse.gob.mx/contenidos/presupuesto_egresos/temas/ppef/2006/temas/expo_motivos/proyecto.pdf

⁶⁹ Interviews in Mexico, 22-25 November 2004 and 3-6 October 2005.

⁷⁰ Interviews in Mexico, 3-6 October 2005.

⁷¹ See <http://gaceta.diputados.gob.mx/Gaceta/59/2005/oct/Anexo-II-04oct.html#Dictamenes>